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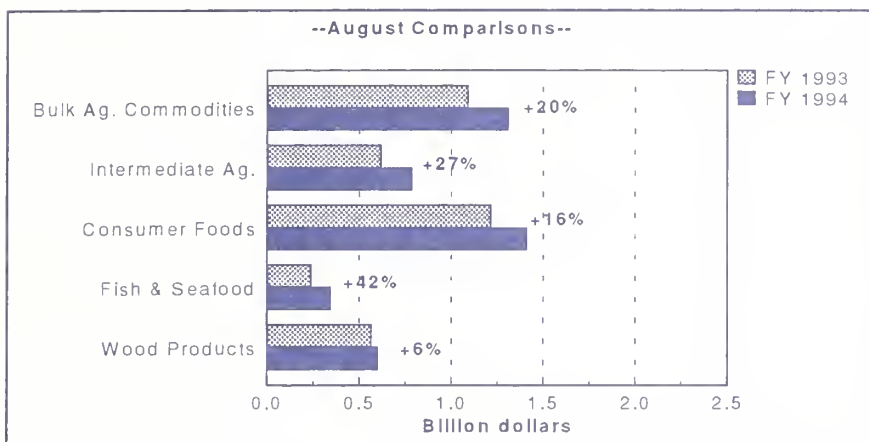
Agricultural Trade Highlights

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Exports Up 20 Percent in August

Consumer Foods Already at New Annual Record



August trade statistics released on October 19 by the Commerce Department placed the value of U.S. agricultural, fish, and forest product exports at \$4.5 billion, a 19-percent increase compared to the same month last year. Agricultural exports alone totaled \$3.5 billion, up 20 percent from August last year. A sharp increase in bulk commodity shipments (led by particularly strong cotton sales) was reinforced by gains across a broad range of high-value intermediate and consumer-oriented products. Fish and forest product exports totaled \$949 million in August, up 17 percent from the same month last year.

August's shipments bring U.S. agricultural, fish, and forest product exports during the first 11 months of fiscal 1994 to \$48.8 billion, less than 1 percent ahead of the same period last year. With the year nearly completed, lower bulk commodity shipments have been offset by slight and moderate increases in intermediate and consumer-oriented exports, respectively. Both fish and forest product exports have declined slightly.

At \$1.3 billion in August, U.S. exports of *bulk commodities* increased 20

percent from the same month last year. A particularly sharp increase in cotton shipments (mainly to China) was accompanied by double-digit increases in soybeans, coarse grains, and pulses. Bulk commodity exports for the first 11 months of fiscal 1994 to \$16.6 billion, 6 percent less than the same period in fiscal 1993.

U.S. exports of *intermediate products* reached \$789 million in August, finishing 27 percent ahead of the same month last year. Increases were registered for all categories, with especially large gains for wheat flour, soybean meal and oil, feeds and fodders, and hides and skins. Intermediate product exports for the first 11 months of fiscal 1994 at \$8.6 billion, up 4 percent from the same period in fiscal 1993.

U.S. exports of *consumer-oriented products* reached \$1.4 billion in August, 16 percent ahead of levels during the same month last year. Exports rose in most of the 16 product categories. Sales declines were only recorded for dairy products, tree nuts, and nursery products. Double-digit increases were registered in exports of red meats, fresh fruit, poultry meat,

wine and beer, snack foods, pet food, breakfast foods, juices, and eggs and products. Consumer food exports for the first 11 months of fiscal 1994 to \$14.7 billion, up 10 percent from the same period in fiscal 1993 and ahead of last year's 12-month record. This guarantees a new fiscal year record for consumer food exports in 1994.

At \$346 million in August, edible *fish and seafood* exports were up 42 percent from the same month last year. All categories registered at least double-digit increases, with particularly strong growth in salmon. August's performance leaves U.S. exports of fish and seafood products for the first 11 months in fiscal 1994 at \$2.6 billion, off 3 percent from the same period last fiscal year.

U.S. *forest product* exports rose to \$603 million in August, up 6 percent from a year ago. Panel products posted an 11-percent increase, while lumber sales remained virtually unchanged. Exports of other value-added forest products rose 24 percent. Total U.S. exports of forest products in the first 11 months reached \$6.3 billion, down 6 percent from the same period last year.

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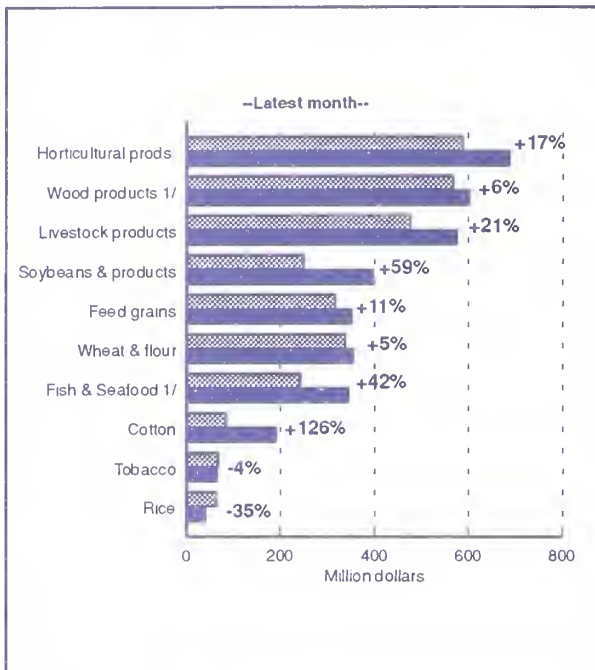
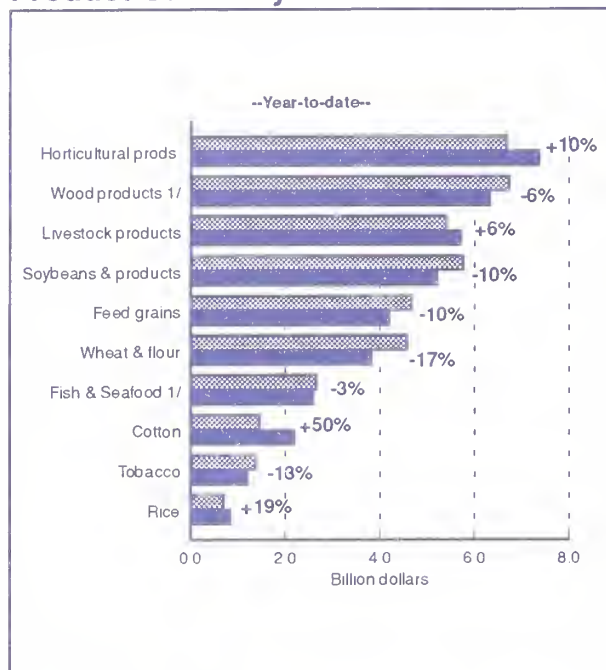
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U.S. Agricultural Export Summaries

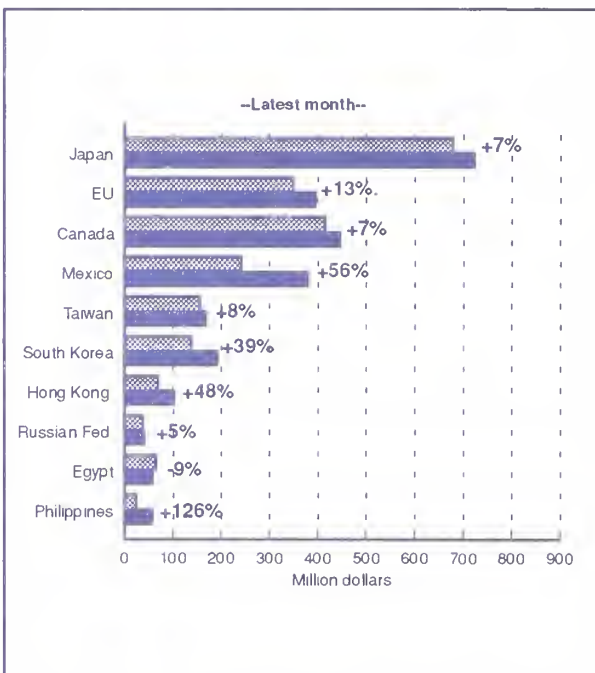
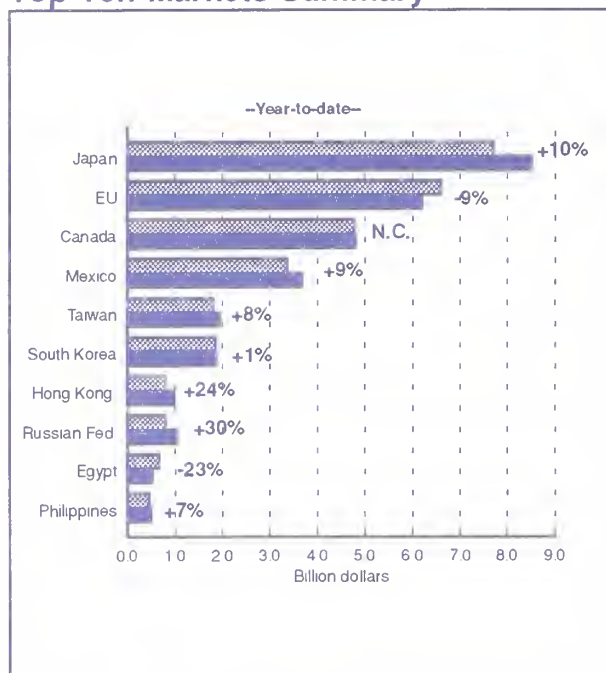
October-August and Latest Month Comparisons

■ FY '93 ■ FY '94

Product Summary



Top Ten Markets Summary



Note: Percentages are computed as the change from a year ago.
1/ Not included in agricultural totals.

Consumer Food Highlights

At \$10.6 billion for the first eight months of 1994, U.S. consumer food exports were 11 percent ahead of last year's record-setting pace. The leading categories highlighted this month showing double-digit growth are snack foods, prepared red meats, poultry meat, fresh fruit, juices, tree nuts, and pet food.

Exports of *chilled and frozen red meats* totaled \$2.1 billion for the first eight months of 1994, 4 percent ahead of the same period last year. While the volume of shipments to Japan is up, the value is off slightly from last year's record-setting pace of \$1.3 billion because consumers are buying more lower-priced cuts of meat. So far this year, exports to Mexico have totalled \$270 million. Mexico has replaced Canada as the second-largest U.S. red meat market. Double-digit sales growth was recorded to both Mexico and South Korea.

Fresh fruit exports were \$1.3 billion for the first eight months of this year. Sales are up 14 percent from last year at this time, despite lower shipments to Canada, the largest U.S. fresh fruit market. Much of the growth has been concentrated in Asia and Mexico. Sharply higher demand for table grapes, apples and pears is the main reason for higher exports to Mexico. A 16-percent increase in sales to Japan (mainly grapefruit and cherries) have been boosted by the high yen. The Taiwan market has rebounded this year, showing a 70 percent increase over last year at this time. This is mainly due to a diversification of exported apple varieties to include fuji and gala as well as the standard red delicious.

Processed fruit and vegetable exports totaled \$1.6 billion for the first eight months of this year, just slightly ahead of this time last year. The fastest growing markets have been Japan, Mexico, Hong Kong, and South Korea, all on track to set new record highs this year. Japan has been an especially good market for frozen strawberry sales, which have grown 40 percent this year compared with the same period last year. Strong demand for canned sweet corn and frozen french fries have boosted exports to Mexico.

Sales of *snack foods* in the first eight months of 1994 reached \$679 million, a 11 percent increase over last year's record setting pace. Double digit export growth to the EU, Russian Federation, Japan and Hong Kong is driving U.S. snack food sales. U.S. chip exports are rising faster than overall snack food sales. Major growth markets for chips are the EU, Japan, Mexico and Hong Kong. Exchange rate shifts have had an effect on exports as markets where the dollar is higher, such as the U.K. and Canada, have seen export growth fall. On the other hand, the strong yen has been major factor in boosting demand by 67 percent so-far-this-year in Japan.

Exports of *poultry* totaled \$943 million in the first 8 months of 1994, a 42 percent increase over the same period last year. Record sales to the Russian Federation is a major reason why poultry shipments are likely to reach a new annual record this year. Strong demand in Hong Kong, which is also a major re-export market to China, is another factor. Other emerging growth markets are Poland, Singapore and South Korea.

Pet food shipments so far this year reached \$365 million, 18 percent ahead of last year's record setting pace. At \$113 million, Canada remains the leading market showing an 8 percent sales increase despite the weak Canadian dollar. Shipments to the EU are well on their way toward a new record with exports reaching \$85 million in the first eight months of this year, 25 percent ahead of last year's pace. More than one fourth of shipments to the EU go to the U.K.

Exports of *fruit & vegetable juices* reached \$365 million during the first 8 months of 1994, a 11 percent increase over the same period last year. The

leading market is Canada, where shipments reached \$110 million, 3 percent ahead of last year's record pace. Exports have rebounded to the number two market, Japan, where shipments of \$92 million are 24 percent ahead of the same period last year. Last year's over-supply caused orange juice prices and value of shipments to fall dramatically. This year sales have rebounded as frozen juice stocks declined. The strong yen and trend toward greater juice consumption has also helped boost sales. Implementation of recent trade liberalization agreements with South Korea has contributed to the 32 percent rise in juice shipments to that market this year.

Tree nut exports reached \$593 million during the first eight months of 1994, 22 percent higher than the same period last year. Higher almond prices and strong demand from the EU have been major factors in the 39 percent rise in the value of tree nut exports. At \$85 million, shipments to Japan are up 20 percent, aided by the strong yen. Higher prices contributed to a drop in exports to more price sensitive markets such as Taiwan. High prices of almonds has been due to the tight supply of California almonds during the last few years.

Prepared/preserved red meat exports reached \$152 million in the first eight months of 1994, 19 percent higher than the same period last year. Despite a weak Canadian dollar, shipments to Canada continued to rise and are 5 percent ahead of last year's record setting pace. At \$38 million, sales to Mexico are headed to new record highs with sales up 33 percent of the same time period last year. Cold cut products are a major factor in Mexican demand. Exports to South Korea are off 2 percent partly because of a Korean ban on imports of frozen hot dogs. Sales to Russia have reached an annual record of \$6.7 million.

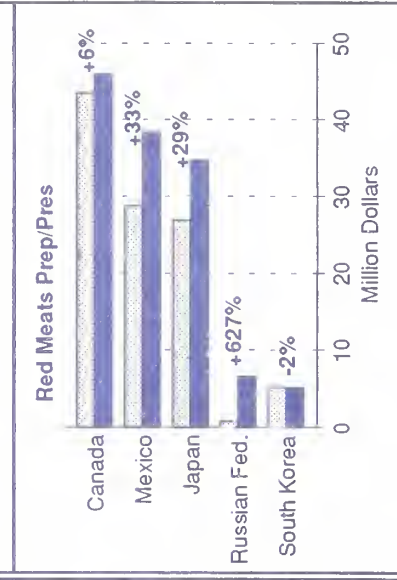
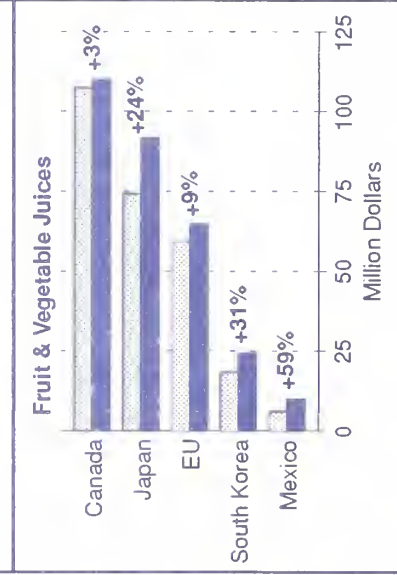
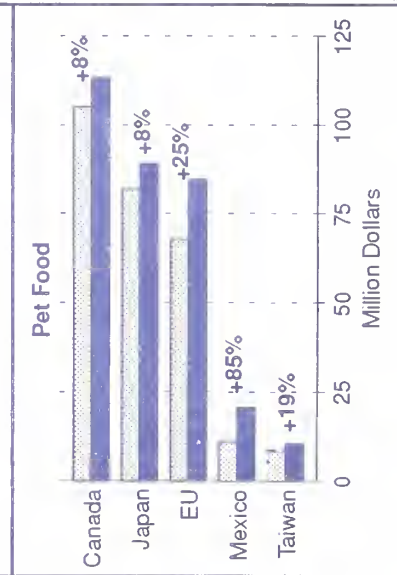
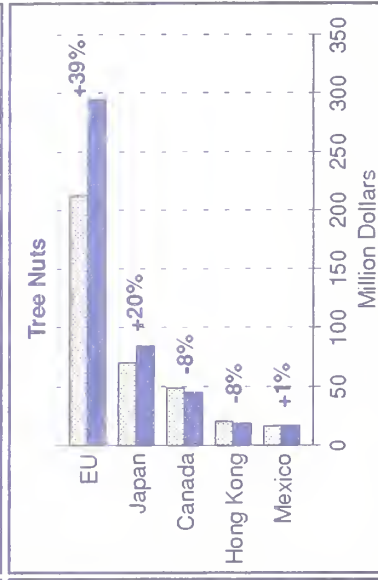
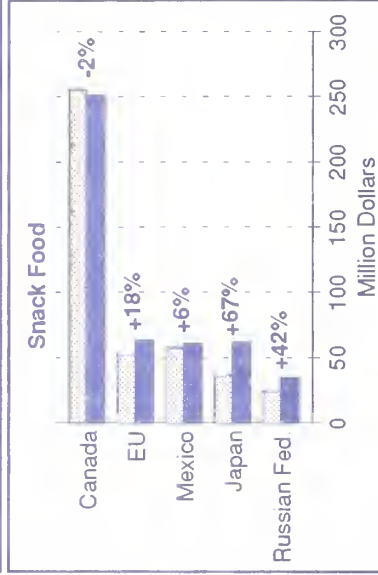
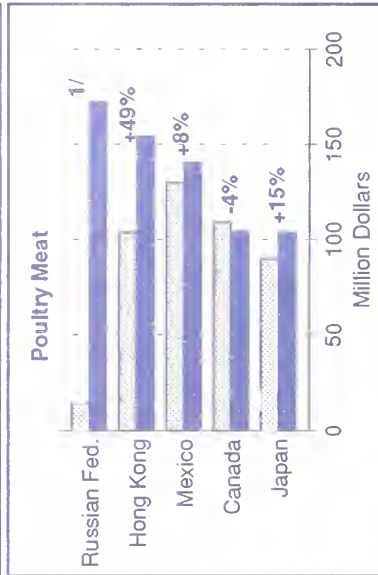
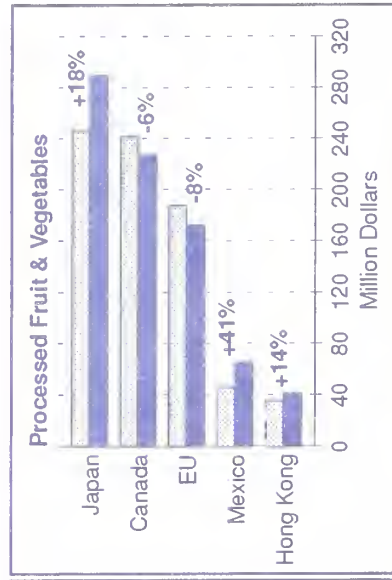
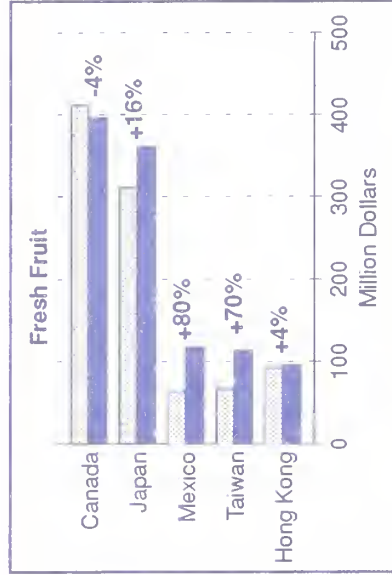
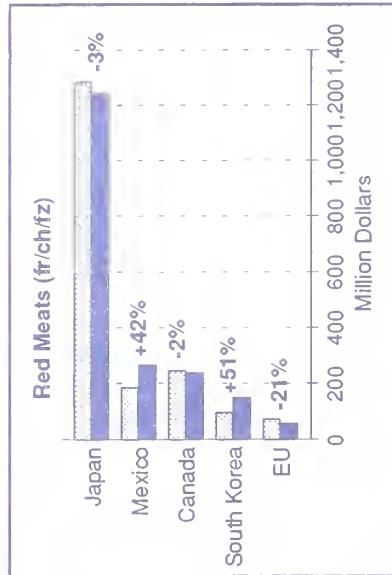
For more information, contact Karen Halliburton at (202) 720-0553.

Top Five Markets for Selected U.S. Consumer Foods

January Through August Comparisons

CY '93

CY '94



Notes: 1/Relatively negligible exports reported during compatible period last year.

Percentages are computed as the change from 1993 to 1994. Countries are ranked from highest to lowest based on full CY 1993 exports.

Regional Spotlight: Eastern Europe

Eastern Europe has been in the midst of political, economic and social upheaval since 1989. The new emerging trade patterns are startling but not entirely unexpected. Although U.S. suppliers remain significant players in some product areas, the European Union has captured a major share of the region's import market for agricultural products. The region's import profile has also shifted in favor of consumer foods. Largely in response to U.S. program support and the impact of economic reform, U.S. exports to the region recorded large year-to-year changes and have trended downward. U.S. consumer food exports, however, are up due largely to poultry meat and butter shipments, and are expected to reach \$130 million in 1994. First in a series of articles to explore Eastern Europe, this feature story provides an overview on U.S. agricultural exports to the entire region. Subsequent country spotlights will offer a more in-depth review of trade trends, market opportunities, and the realities of doing business in specific countries.

By Ernest Carter

From Poland in the north to Albania in the south, a snapshot of Eastern Europe today offers a picture of great diversity and change. During the past four years, civil war and a trade embargo have plunged the former Yugoslav states into economic chaos, while other nations are transforming their economic and political systems. The establishment of market-oriented economies and stable, multi-party political systems is well underway in Poland, the Czech Republic, Slovakia and Hungary, while

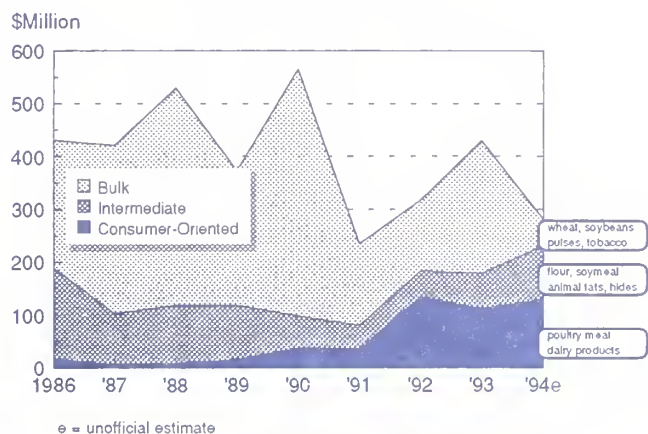
progress on both the economic and political fronts has been slower in Romania, Bulgaria, Slovenia and Albania.

U.S. program support, especially food aid and export credit guarantees, has a major impact on U.S. agricultural exports to Eastern Europe. Weather-induced shortages of basic grains and oilseeds and distribution problems throughout the region have also played a role. These factors, particularly U.S.

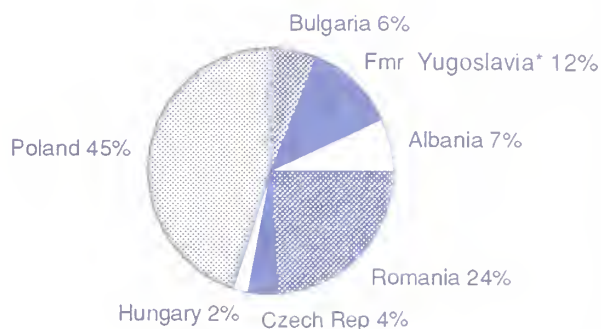
program support, heavily influenced U.S. exports because coarse grains, wheat and flour, and oilseeds and their products typically made up over half of total U.S. exports from 1989 to 1993. U.S. agricultural exports rose to \$566 million in 1990 then fell to \$234 million the following year largely due to changes in corn, soybean and soybean meal shipments. Exports rose to \$429 million in 1993, largely due to expanded wheat, corn, wheat flour and poultry meat shipments. Despite continued gains for some consumer foods and increased shipments of wheat flour, a severe downturn in bulk commodity shipments could leave total U.S. exports at \$280 million in 1994. Although the availability of U.S. program support remains especially important, the situation is further complicated by the emergence of new factors that affect longer-term sales opportunities.

In the post-1989 period, the production and consumption of agricultural products have tended to decline throughout Eastern Europe in response to economic reform. Liberalized at a rapid pace during the first two years of reform, import regimes have since undergone careful reevaluation in response to calls for protection from producer and processor groups. Pent-up demand for western-made products has been kept largely in check by the reality

U.S. Exports Remain Volatile



Poland is the Major Market



*Slovenia accounted for half

...Eastern Europe

of limited family budgets. International tourism has skyrocketed fueling a new demand for western-made products in the hotel and restaurant industry. Civil war and a trade embargo have dramatically altered trade with the former Yugoslav states. European suppliers have moved quickly to secure a growing presence throughout most of the region. And finally, the European Union has embraced association agreements with most countries as a first step toward full membership in coming years.

U.S. Exports Fall Victim to the Realities of Adjustment

U.S. exports to the region have tended to fall in tandem with the region's declining import demand. In 1988, Eastern Europe imported \$10.2 billion in agricultural products with bulk commodities and high-value intermediate products making up 72 percent of the total. By 1992, imports had slipped to \$6.2 billion with bulk and intermediate products accounting for 57 percent of the total. The decline in bulk commodity imports was the most dramatic, slipping from \$4.5 billion to \$1.9 billion during this five-year period. In contrast, imports of high-value consumer foods have weathered the changing market and trade policy environment reasonably well. Supported by demand for western-made products, consumer food imports fell only 10 percent from \$2.9 billion to \$2.6 billion.

Since 1989, U.S. exports to Eastern Europe have remained susceptible to large year-to-year shifts. This is because U.S. suppliers shipped mostly bulk and intermediate products to the region, and were not well positioned to take advantage of the relatively stronger market which emerged for consumer foods. Most of the year-to-year variation is due to changes in U.S. program support, but some reform measures have had serious negative long-term consequences for U.S. exports.

U.S. exports have trended downward in the longer run largely because regional demand for animal feeds and hides and skins has weakened. This is the result of economic reforms and their impact on producer returns and consumer spending patterns. The reduction or elimination of state subsidies to producers of livestock (chiefly cattle and hogs) and weaker demand have resulted in widespread herd reductions. This, in turn, reduced the demand for animal feeds and hides and skins. The remaining producers, faced with rising feed and energy costs, were forced to raise prices.

Food consumption has likely fallen at rates even higher than those for agricultural production. This was particularly true for dairy products and pork. During the communist era, east European per capita consumption of these and other products were among the highest in the world because subsidy programs kept prices artificially low. As real food prices have risen, real disposable incomes have fallen at even faster rates. Statistics indicate that nominal GDP fell from 1989 to 1991 on a combined basis for all countries (excluding the former Yugoslav states and Albania), then largely recovered during the following three years. With the impact of inflation, however, real GDP fell at a more precipitous rate from 1989 to 1991, continued downward in 1992 and 1993, and appears to have finally reached bottom this year.

Although the severity of economic contraction differs for each country, the root causes are the same. Reduced government subsidies and privatization resulted in growing unemployment, price deregulation led to surges in the rate of inflation, and efforts to curb budget deficits led to new taxes. However, there are encouraging signs that the worst effects of reform are already past. With the exception of the former Yugoslav states and Albania, nominal GDP has begun to expand in most countries, inflation has slowed

and rising unemployment rates have leveled off.

U.S. Program Support Remains Critical

In fiscal 1993, roughly half of total U.S. exports to Eastern Europe were supported by U.S. food aid, export credit guarantee, and export enhancement programs. U.S. food aid alone totaled \$130 million last year (five percent of the total worldwide program) and targeted the poorest countries. Nearly half of all shipments went to the former Yugoslav states, while another 18 percent was shipped to Albania. Bulgaria, Romania and Poland shared the remaining 35 percent. Wheat flour, vegetable oil, and pulses were the major items shipped to the former Yugoslav states and Albania, corn was shipped to Bulgaria and Poland, and wheat was shipped to Romania.

Once a major market in Eastern Europe, the former Yugoslav states now offer few opportunities other than those tied to food relief programs. Slovenia, the only former Yugoslav state to escape civil war, is the one exception. Slovenians enjoy the highest incomes in the entire region and have accumulated little national debt. In the case of Albania, where failed reform measures and civil unrest led to near total economic collapse in 1992, low income, slow economic recovery, and huge external debt hampers commercial trade.

U.S. export credit guarantee programs (GSM-102 and 103) budgeted \$100 million for the region in fiscal 1993, or two percent budgeted worldwide, and targeted the lower debt nations to minimize default risk. Just over half of the budget was allocated to Romania, while another 25 percent was allocated to the Czech Republic. Slovenia and Hungary split the remaining 23 percent. The main product shipped was wheat, but some cotton and soybean meal sales were also supported. EEP bonuses totaled \$27 million, and mainly

...Eastern Europe

supported wheat sales to Poland, Romania and Slovenia.

Some Sales Opportunities Spring from Reform Measures

Reform measures opened up many important short and medium-term commercial sales opportunities for foreign suppliers, especially in the consumer foods area. U.S. consumer food exports to Eastern Europe rose from \$16 million in 1989 to \$135 million in 1992, and are expected to reach \$130 million this year. Unfortunately, trade remains confined to a narrow range of products shipped to only a few countries; namely, poultry meat (Poland and Romania), butter (Poland, Romania and the former Yugoslav states), and some frozen red meats (Poland and Romania). These products have accounted for 75-80 percent of total U.S. consumer food shipments to the region since 1989. All of the butter and some of the red meat shipments were supported by food aid programs.

Poultry meat is the most dramatic example of a U.S. consumer food sold on a commercial basis. U.S. poultry meat sales to the region jumped to \$37 million in 1992, a ten-fold increase over the previous year. Sales jumped again to \$53 million in 1993, and are expected to near \$70 million this year. Poland and Romania account for virtually all sales, and U.S. suppliers have captured up to 60 percent of the market for imported poultry meat in these two countries. Despite EU export subsidies, U.S. suppliers are competitive because their pricing strategy allows them to offer leg quarters at attractive prices. Transactions are carried out on a cash-and-carry basis due to the high cost of credit for local importers.

Domestic reforms coupled with low import tariffs created the sales opportunity for foreign poultry meat suppliers. The loss of production subsidies, rising feed costs, and the low efficiency of east European processors severely reduced the competitiveness of local poultry meat industries. Rising

prices for red meats, particularly in Poland, also made poultry meat more attractive to consumers. Unfortunately this sales opportunity, at least for U.S. suppliers, appears to be coming to an end. Last month, Poland and Romania both raised tariffs that nearly doubled the c.i.f. price of U.S. poultry meat and Poland will likely establish a tariff-rate quota below 30,000 tons effective January 1995. These trade restricting moves will halt further sales expansion for U.S. poultry meat, by far the single largest U.S. consumer food product sold on a commercial basis in Eastern Europe.

U.S. suppliers of red meats have also achieved some success. Largely on the strength of pork sales sold under a food aid arrangement to Poland, U.S. frozen meats exports to the region doubled to \$9 million in 1990. Since 1992, U.S. commercial sales of red meats have been running at \$5 million to \$8 million annually. Frozen beef and pork offals are now the major U.S. red meat products shipped on a commercial basis, because tariffs remain lower on these items. Poland remains the largest market but Romania also became an important market this year. East European countries now import more offals than any other type of red meat, including pork and beef cuts, and EU countries are the major suppliers. This product is attractive to consumers because it is relatively inexpensive and familiar.

U.S. suppliers have shipped only small amounts of other consumer foods on a commercial basis. Snack foods, processed fruits and vegetables, and wine and beer are the only three categories to achieve annual sales of \$1-2 million and no upward trends have been established. For the most part, EU suppliers have captured the trade in western-produced consumer foods.

European Suppliers Offer Stiff Competition in Emerging Consumer Food Markets

According to official EU trade data, total EU agricultural exports to Eastern Europe steadily grew from \$1.2 billion

in 1988 to \$2.9 billion in 1992. Data for the first three quarters of 1993 suggest that exports will likely reach \$3.5 billion in 1993. This export expansion is largely due to the tremendous success of the European consumer foods. The consumer foods portion of total EU agricultural exports has grown from roughly 35 to 55 percent since 1988. This would place EU consumer food exports to the region at roughly \$1.9 billion in 1993, a figure 17 times larger than the comparable U.S. figure. On average, the EU share of east European import markets for consumer foods is roughly 50 percent. There are several reasons behind this success.

Geographical location and the early establishment of business ties are perhaps the two most important factors behind the surge in EU consumer food exports. The advantage of location cannot be overstated. With producers, processors and supply depots located within hours of border crossings, most goods can be trucked to their destinations thus reducing transportation costs and increasing supply flexibility. An order can be placed and goods can exchange hands within one to four days from any point on the continent. Given the short supply of appropriate transport vehicles and lack of distribution centers in Eastern Europe, the ability to move product by truck greatly improves supplier competitiveness.

West Europeans established an early lead in developing successful business relationships. As early as 1989, German, Dutch and French firms were among the first to open local offices and employ nationals to search out new business. Start-up costs were low with parent firms located in neighboring countries, and frequent day trips fostered close working relationships over time. With legal and banking systems still at an infant stage, Eastern Europe is and will remain for some years an especially difficult and uncertain place to do business. If a contract is broken, for example, suppliers generally have little recourse other than to simply walk away and refuse future business. Much business

...Eastern Europe

is handled on a cash-and-carry basis and banks are generally not involved to reduce credit risk. In such a business climate, trustworthy business partners become more essential than ever. U.S. businesses can only develop and maintain such ties at considerably greater cost.

Geographical proximity and the early establishment of business relationships clearly foster trade. These two factors plus the availability of EU price support and subsidy payment schemes and a wide variety of high-quality, smartly packaged products, combine to make EU suppliers formidable competitors. But the list of factors that facilitate intra-European trade does not end here. Several west European supermarket chains have set up stores in major cities like Warsaw, Prague and Budapest. Austrian, German and Dutch companies are the most active. Having worked out the existing distribution problems, shelves are now increasingly stocked with a selection of goods comparable with stores located in Western Europe.

The expansion of tourism also fuels a demand for consumer foods catered through the hotel and restaurant industries. According to the World Tourist Organization in Spain, the number of foreign visitors travelling to Eastern Europe (excluding the former Yugoslav states) grew from 38 million to 51 million from 1988 to 1993. Roughly one-third of all visitors travel on business. These figures exclude domestic travellers and single-day visitors who do not remain over-night. East European tourism tends to create a greater demand for European goods over those from other countries, because most tourists to the region originate from other European countries. Visitors from west European countries make up 25 percent of the total, while another 50 percent come from other east European countries. The large majority of tourists tend to seek out brands and products familiar to them.

Finally, east European suppliers enjoy preferential treatment via EU-East European Association Agreements, and this trade advantage will increase as full

membership with the Union draws nearer. After the European Council in June 1993, the question was no longer whether the countries of eastern Europe would join the Union, but rather *when* and under *what* conditions. Poland, Hungary, the Czech Republic, Slovakia, Romania and Bulgaria have signed agreements. As a result, the European Union will cease applying trade restrictions on almost all manufactured goods and many agricultural products beginning January 1995, a vital step toward ensuring economic progress in the east European region. East European countries also moved quickly to reduce tariffs and eliminate quotas on a wide range of goods, with the goal of completely eliminating trade restrictions within ten years. All six countries indicate a firm interest in membership, and Poland and Hungary have submitted formal applications.

Final Remarks

With nearly 100 million people combined, the countries of Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Romania and Bulgaria currently account for the vast majority of imports to the region. The populous countries of Poland and Romania as well as the Czech Republic and Hungary, two of the higher income countries, currently offer the greatest opportunities to foreign suppliers. Poland and Romania have consistently been the two best markets for U.S. products, while the U.S. presence in the Czech Republic and Hungary is considerably smaller.

Looking down the road of opportunity over the next ten years, we can assume that economic reform will continue to strengthen the economies of Eastern Europe and that those economies will be further integrated into the European Union. Phytosanitary regulations are already being harmonized with several countries. Eastern Europe will undoubtedly begin to reassert its strength as a major world supplier of certain bulk and intermediate agricultural products. Those with an historic tradition of finely-crafted manufactured goods, particularly the

Czech, Poles and Hungarians, given enough time and sufficient investment capital will also undoubtedly emerge as world-class competitors in the consumer foods arena.

These developments will likely favor U.S. products that are currently attracting growing attention in Western Europe. Highly-processed, innovative foods that take advantage of emerging demographic and lifestyle trends and products unique to North America are especially well positioned. With respect to U.S. grains, oilseeds, and livestock products, their fate hangs largely with the outcome of future multilateral trade negotiations.

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U.S. Exports of Agricultural, Fish & Wood Products to Eastern Europe

Calendar Years 1989 to 1994 and Year-to-Date Comparisons

(Thousands of Dollars)

Product	Calendar Years					January-August		%
	1989	1990	1991	1992	1993	1993	1994	
Bulk Agricultural Total	254,607	467,742	154,497	132,859	250,750	184,363	35,199	-80.9%
Wheat	5,110	15,859	8,421	15,582	93,210	64,796	8,972	-86.2%
Coarse Grains	176,925	280,615	60,619	8,160	105,727	99,120	0	-100.0%
Rice	3,657	4,771	6,613	17,242 *	12,741	10,677	3,046	-71.5%
Soybeans	30,428	107,430	40,533	44,547	8,876	0	8,685	NA
Cotton	34,133	51,906	30,801	32,670	17,438	4,137	2,511	-39.3%
Tobacco	1,624	3,024	4,656	9,174	5,960	3,792	4,145	9.3%
Pulses	1,899	3,991	2,237	1,439	6,473	1,571	7,472 *	375.6%
Peanuts	0	88	144	541	54	54	103	90.7%
Other Bulk Commodities	832	58	473	3,504	270	215	266	23.7%
Intermediate Agricultural Total	102,252	61,169	44,289	48,360	66,464	46,268	70,212	51.8%
Wheat Flour	43	70	58	897	17,335	7,282	29,435 *	304.2%
Soybean Meal	9,632	18,529	0	16,196	9,117	9,045	10,023	10.8%
Soybean Oil	0	0	184	3,632	7,166	3,096	3,482	12.5%
Other Vegetable Oils	17	0	168	4,587	99	42	2,331	5450.0%
Feeds & Fodders (excl. pet foods)	386	334	335	374	226	148	199	34.5%
Live Animals	1,362	3,337	3,805	3,426	2,795	2,151	1,129	-47.5%
Hides & Skins	79,870	28,077	8,095	8,404	9,163	5,749	7,733	34.5%
Animal Fats	2,197	108	0	614	335	38	9,678	*****
Planting Seeds	3,637	8,331	29,288 *	4,296	12,642	12,514	2,404	-80.8%
Sugars, Sweeteners & Bever. Bases	16	17	97	864	1,696 *	1,554	1,394	-10.3%
Other Intermediate Products	5,092	2,366	2,259	5,070	5,890	4,648	2,405	-48.3%
Consumer-Oriented Agricultural Total	15,920	36,953	34,852	134,811 *	112,208	64,415	80,340	24.7%
Snack Foods (excluding nuts)	194	503	1,868	3,096 *	2,881	2,205	1,831	-17.0%
Breakfast Cereals & Pancake Mix	0	31	61	37	68	68	58	-14.7%
Red Meats, Chilled/Frozen	4,193	9,030 *	3,768	8,318	4,670	2,934	4,272	45.6%
Red Meats, Prepared/Preserved	235	482 *	95	415	64	42	404	861.9%
Poultry Meat	22	8,058	3,359	37,441	52,906	32,566	55,172 *	69.4%
Dairy Products	8,621	11,185	18,531	75,174 *	41,503	19,309	13,120	-32.1%
Eggs & Products	35	121	0	253	57	54	52	-3.7%
Fresh Fruit	15	11	10	47	67	18	9	-50.0%
Fresh Vegetables	7	0	41	10	0	0	0	NA
Processed Fruit & Vegetables	727	1,794	2,228 *	1,796	1,582	1,192	959	-19.5%
Fruit & Vegetable Juices	0	334	856 *	47	342	261	339	29.9%
Tree Nuts	384	2,727 *	148	181	288	194	137	-29.4%
Wine and Beer	800	1,417	2,282	3,076 *	1,861	1,568	539	-65.6%
Nursery Products & Cut Flowers	22	3	15	3	65	46	17	-63.0%
Pet Foods, Dog/Cat	0	0	34	278	652	392	986 *	151.5%
Other Consumer-Oriented Products	667	1,258	1,555	4,638	5,203 *	3,565	2,446	-31.4%
Wood Products Total	10,428	20,433 *	12,597	8,439	10,981	7,831	4,902	-37.4%
Logs	6,698 *	4,257	589	462	175	161	23	-85.7%
Lumber	1,248	12,910 *	8,346	4,045	2,651	1,910	1,229	-35.7%
Plywood & Panel Products	1,266	899	688	1,115	3,091 *	2,177	1,272	-41.6%
Other Wood Products	1,217	2,366	2,974	2,816	5,064 *	3,584	2,378	-33.6%
Fish & Seafood Products Total (Edible)	494	1,669	801	316	19	15	148	886.7%
Salmon, Whole/Eviscerated	0	0	140 *	31	0	0	15	NA
Salmon, Canned	0	0	0	113	0	0	0	NA
Crab & Crabmeat	0	244 *	0	0	0	0	0	NA
Surimi (fish paste)	0	0	0	0	0	0	0	NA
Roe & Urchin	0	0	0	0	0	0	0	NA
Other Edible Fish & Seafood Products	494	1,424	661	172	19	15	133	786.7%
Agricultural Product Total	372,779	565,864	233,638	316,030	429,422	295,046	185,751	-37.0%
Agricultural, Fish & Wood Product Total	383,701	587,966	247,036	324,785	440,422	302,892	190,801	-37.0%

Note: (*) Highest export level since at least 1970.

Product Spotlight: Chips

Consumers around the world "can't eat just one." U.S. chip exports have exploded in growth over the last 5 years reaching a record \$176 million in 1993. With double-digit growth so far this year, exports are likely to exceed \$225 million by the close of 1994. Continued growth could mean \$450 million in chip sales by the year 2000.

By Robert Tse

U.S. chip exports recently have shown dynamic growth in geographically diverse markets such as the EU, Japan and Mexico. During the last decade, a global trend toward increased snacking and the association of chips with American lifestyles combined with innovations in freight and a lower U.S. dollar have helped generate greater foreign demand for U.S. chips. Exports have grown from \$26 million in 1988 to \$225 million projected for 1994.

Snacking on the Rise in the EU

The number one market for U.S. chip exports is the EU. In the first eight months of 1994, shipments to the EU already have set an annual record of \$28 million. Sales are 76-percent higher than the same period last year and ten times higher than in 1989. One of the factors favoring increased chip sales is the general trend toward more snacking between meals as the

European tradition of three meals a day is breaking down. This is especially true in northern Europe. Another factor is the entry of major U.S. snack food companies such as Procter and Gamble with Pringles. Pringles was introduced in 1991 to the U.K. with great success. Another popular U.S. brand is Frito-Lay. Reports from the U.K. indicate a recent trend toward chips with reduced salt, fat and sugar. Chip sales reached a record \$13 million in 1993. However, exports in 1994 are off sharply as a substantial decline of the pound against the dollar has begun to have an impact on sales.

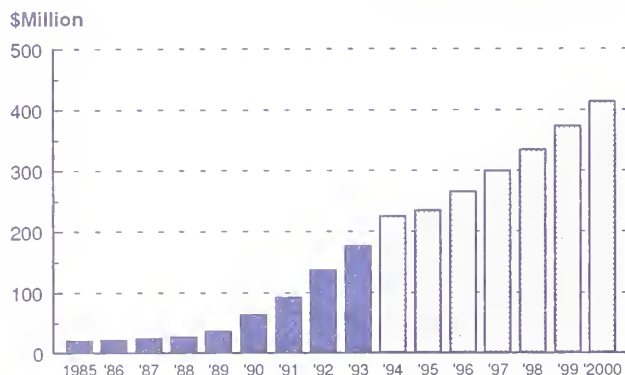
Nonetheless, the rest of the EU is booming this year. A U.S. trading company reports that U.S. chips and pretzels have a growing popularity with their linkage to Americana. That company has found sales opportunities with catalog goods retailers in Germany. Tortilla and blue corn chips

A Wide Variety of Products for Every Taste

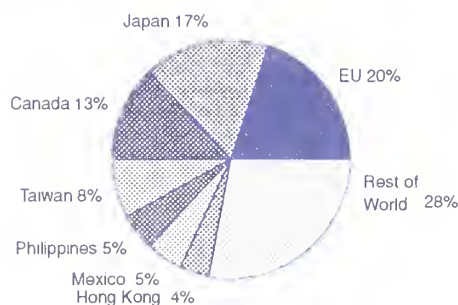
The chip export market is diverse in product type, ranging from potato and corn chips, pretzels, and extruded products. Three fourths of chip shipments are potato-based or flour-based products, while one fourth are corn-based chips. Familiar U.S. brands sold overseas include Pringles, Frito's, Doritos, Lay's, Ruffles, Nally's, O'Boises, Ripplin, Chachos, Tato Skins, and Snyder's of Hanover.

have become more popular partly as a spin-off of the recent growth of Tex-Mex cuisine. Reports from the FAS Agricultural Counselor in Paris indicate that promotion efforts by French supermarket chains have been successful in boosting demand. According to the same report, French chip consumption has doubled between 1988-1992. Most chips sold were unflavored and sold in super and hypermarkets. Chip consumption is apparently seasonal, peaking in the spring and summer. This year Procter and Gamble is bringing its vaunted marketing and distribution strength to France with the mass market introduction of Pringles. According to

U.S. Snack Chip Exports Could Exceed \$225 Million in 1994 Booming Sales to Japan & EU Set Record



Note: Projections based on unofficial trend analysis



1994 breakdown by market. Based on Jan-Aug 1994 U.S. exports.

industry sources sour cream and onion flavored Pringles is expected to be the top seller.

Strong Yen Gives U.S. Chips More Crunch

Japan has emerged as the second largest market for U.S. chips. With a record \$28 million in sales so far this year and a 490-percent increase over last year's sales, Japan may edge out the EU as the top market in 1994.

While U.S. chip export growth has been impressive, sales are a drop in the bucket when compared to the estimated \$2.4 billion domestic chip market. Constant product innovation combined with extensive advertising, fierce competition and dominance by a few large companies characterizes the industry. The chip market can be divided into six product segments: sliced potato chips, extruded potato chips, shoestring potatoes, wheat-based snacks, corn tortilla chips and corn puffs. Potato and corn chips dominate purchases with \$975 million and \$768 million in sales in 1993. The fastest growing segment of the chip market is extruded potato chips with a four year annual growth rate of 8 percent. Most chips manufactured in Japan are sold in nitrogen filled plastic bags. The exception is extruded potato chips which are packed in bags, boxes and cylinders.

As in other food products, Japanese taste preferences in chips differ significantly from traditional American flavors. The traditional chip flavors in Japan are nori (dried seaweed), beef or chicken consomme, and lightly salted. Other popular flavors are chili flavored potato sticks, and a toasted shrimp flavored wheat-based snack called "Ebisen" produced by Calbee.

Frito-Lay, Pringles and the strong yen are the main reasons for the large jump

in U.S. chip sales. In the past U.S. chips have been limited to specialty stores because of high shipping costs, and sold as a premium priced high quality import novelty. The strong yen has made it possible for U.S. chips to compete with Japanese chips on the basis of price as well as quality. This is an important development as Japanese consumers have become increasingly price sensitive as a result of the recent recession. Prospective changes in Japanese labelling regulations from requiring "date of manufacture" to "best used by" will help imported chips compete with domestic chips on the critically important product freshness issue.

Pringles which has been present in Japanese specialty stores for several years was moved to mainstream supermarkets by Procter and Gamble in 1993. This shift was accompanied by heavy advertising. According to industry sources, it has captured a growing share of the snack chip market. Sour cream and onion is reportedly the most popular flavor among Japanese buyers. This flavor is similar to nori chips in taste and in appearance with its dark green speckles. Although an extruded potato chip like Pringles is not unique in Japan, identically shaped chips apparently fit into Japanese aesthetic preferences as well as taste.

Frito-Lay has begun shipping Doritos to supplement its Japanese produced Doritos. The strong yen and innovations in shipping have made it possible to overcome the high transportation cost barrier to exporting to Japan. While the three major flavors of Doritos (plain, nacho and taco) are shipped, the recent boom in Mexican food appears to be linked to the popularity of taco flavored Doritos. Japanese and U.S.-made Doritos are sold in two different marketing channels. The Japanese version is sold in supermarkets while the U.S. made

version is sold in specialty stores. Discount stores, which are actually discount liqueur stores located in the suburbs, are another venue for U.S. chips. These stores typically have a domestic and imported snack section.

North American Market: Mexico Leads Chip Growth

Nearly one quarter of U.S chip shipments goes to the North American markets of Canada and Mexico. Canada has been the leading national market, however a weak Canadian dollar has caused a slowdown in U.S. consumer food sales growth. While chips are no exception, there are some signs of recent recovery in export growth.

Canada's proximity and similarity to the U.S. make it an important market. Recent chip flavor trends in Canada reflect the arrival from the United States of Mexican food and the impact of Asian immigration on the ethnic composition of Canada. New flavor trends reported by "Food in Canada" are hot and sour, tandoori, tikka (chicken and yoghurt), Chinese 5 spice (ginger, soy sauce and sesame), and hot and spicy - a new version of the familiar barbecue flavor.

Mexico is the real star of the North and South American markets for chips. Helped by NAFTA trade liberalization and a revived economy, U.S. chip exports are at record levels (\$8.9 million in the first 8 months of 1994), seven times sales five years ago. Mexican demographics have helped make salty snacks one of the products with the strongest future export growth potential. Nearly half of the Mexican population is under the age of twenty and more than 10 million Mexicans have annual incomes greater than \$18,000. Another favorable factor for U.S. chip sales are changes in marketing channels. There is a shift

toward super and hypermarkets. Recent openings of warehouse clubs and discount stores such as Sam's and Wal-Mart are also a factor. Warehouse club stores provide an alternative distribution channel to reach smaller grocery and convenience stores. Industry sources also reveal that a niche market for higher-priced U.S. salty snacks has developed among upper and upper-middle income Mexicans. Many persons in this group have received their education and developed their taste preferences in the United States. Those customers have the income and desire for U.S. snacks.

Exports to Asia's Emerging Markets Pick Up Steam

While Japan is the top U.S. market in Asia, there has been strong growth for U.S. chips in a number of Asia's emerging markets. Snacking is popular in the ethnic Chinese markets of Hong Kong, Taiwan, and Singapore. Sales to Taiwan grew from \$1.2 million in 1989 to a record \$21.4 million in 1993.

Hong Kong is another red hot market for high quality potato chips. Sales to Hong Kong jumped from \$2.5 million in 1992 to a record \$6.5 million last year. Sales so far this year are 140-percent higher than in 1993. According to LaVerne Brabant, FAS Agricultural Trade Officer in Hong Kong, the most important factors driving U.S. chip exports are the absence of local potato chip production, high consumer incomes, and the fact that eating is a form of entertainment in Hong Kong. The sharp rise of U.S. sales also is attributed to major marketing efforts by the local trading representatives for Pringles and Frito-Lay. For example, the makers of Pringles spent half a million dollars in television advertising last fall. The rise in popularity of Mexican food is linked to increased sales of salsa and chips, even though the Cantonese population does not generally like spicy food.

Singapore is another notable growth market in Asia. Last year, U.S. shipments set a \$5 million record,

four times higher than five years ago and are expected to reach \$7-8 million in 1994. According to the FAS Agricultural Trade Office in Singapore, the market for chips is dynamic with new innovative products displacing older products. The U.S. is a major supplier of chips with fruit chips, biscuit/chip snacks, mini snacks and soy snacks identified as new products with potential. Continued growth is expected for the well-established potato chip, as well as corn and tortilla chips. As in Japan, the major constraint to sales are transportation costs, short shelf life, and larger package sizes of U.S. products. Frito-Lay has responded by introducing smaller nitrogen flushed chip bags with a six month shelf life. Another successful approach has been cross merchandizing such as promotional giveaways of Doritos in KFC's (Pepsico owns KFC and Frito-Lay) and other promotions with beer and soft drinks.

China represents the snack food market of the future. Rising income, the spread of supermarkets and convenience stores, the preference for American branded products, and the Chinese habit of snacking underscore the market potential. Pringles are already present with large displays in many Chinese supermarkets. Chinese store managers report that barbecue flavored Pringles is the top selling Pringle's flavor.

U.S. chips have become nearly a \$200 million dollar export item and one of the brightest stars of the billion dollar U.S. snack food export category. High-growth sales, the strength of U.S. brands, the wide variety of products to fit every taste and a global desire to snack should ensure a promising future.

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Overcoming Shipping Cost Constraints

The two major constraints to overseas shipment of chips are fragility of the product and high shipping cost per unit.

Pringles, which is an extruded potato product of identically shaped chips that stack neatly in a can, has characteristics which help it to overcome both constraints. First, the sturdy sealed container ships well and maintains its freshness. Second, the stacked chips means that nearly twice the weight of Pringles can be shipped in the same space as a bagged chip. This gives Pringles a significant transportation cost advantage. Container shipments typically carry a set charge per container with a maximum weight allowance. The light weight per volume of potato chips means that containers are filled well below the maximum weight. In other words a container of chips is typically cubed out before it weighs out.

Shipping a container with a mixed load of soft drinks and chips is one way Frito-Lay may have overcome cost constraints and taken advantage of its ownership by Pepsico. Soft drinks, being dense and heavy, can be loaded into a container up to close to the maximum weight. The remaining space in the container can then be filled with the lighter chips. This minimizes the transportation cost of both soft drinks and chips.

Trade Policy and Market Updates

Russia Raises Poultry Meat Import Duty

According to Russian press reports, the Russian Government, as of September 25, increased the 15-percent duty on chicken meat to 20 percent. The duty on meat and meat products was lowered from 15 percent to 8 percent, while the import duty on sausage was lowered from 20 percent to 8 percent. The import duties on food products, first imposed on July 1, were designed to protect Russian farmers but also caused an uproar in major cities over the anticipated increases in food prices. Russian trade data through August 1994 indicate chicken meat imports amounted to 304,000 tons, a 900-percent increase over the same period of last year, displacing grain as Russia's principal food product import in value terms. U.S. export data through July showed broiler part exports of 163,514 tons. However, July's exports to Russia of 14,524 tons were well below the average of 24,832 tons per month for the first 6 months of 1994, a possible reflection of the trade-dampening effect of the 15-percent duty.

Mexico Agrees to Accept Pressure-Sensitive Labels on Boxes of Imported Meat

Mexico confirmed that it will now accept, on a permanent basis, pressure-sensitive labels on boxes of imported fresh, frozen, or chilled meat. This change in policy is the result of a recent meeting between FAS and FSIS and Mexican authorities. The current exception to the use of pressure-sensitive labels was due to expire on September 30.

South Africa Privatizes Wheat Buying

Private sector South African importers recently reported that they have been authorized to begin importing wheat on their own accounts, which could provide additional opportunities for U.S. wheat exports. The South African Wheat Board traditionally has been responsible for the importation of 200-400,000 tons of wheat annually, and in the past has leaned towards Canadian wheat through their close relationship with the Canadian Wheat Board.

Asian Rice Situation Continues to Tighten

Trade reports indicate that the Chinese have officially withdrawn from the rice export market until at least January 1995. Outstanding sales of Vietnamese rice are being "re-negotiated" by the Government in an effort to control exports and increase contract prices. The Vietnamese are expected to announce a ban on new export sales of low-quality rice for the remainder of the calendar year. Indonesia reportedly has stopped purchasing rice for 1994 delivery in response to the upward movement in prices. However, stocks in Indonesia remain extremely low, indicating that further imports will be likely once Asian new crop rice is available.

Canadian Imports of U.S. Corn Could Reach Record Levels

Canada's imports of U.S. corn could reach 1.5 million tons in 1994/95. The precipitous drop in Australia's exportable barley supplies for the coming year and relatively high international prices are making Canadian barley exports more profitable. Meanwhile, record U.S. corn supplies and extremely competitive prices, as well as smaller supplies of Canadian feed wheat, are permitting U.S. corn to displace Canadian feed grains in Canadian feed compounds. As long as international barley prices are more attractive than those available on their domestic market, Canada will likely continue to allow U.S. corn to meet a larger portion of their internal feed demand while increasing barley pool returns from the export market. According to trade sources, so far for 1994/95, Canadian purchases of U.S. corn reportedly total about 700,000 tons, whereas Canada imported only about 300,000 tons of U.S. corn during the entire 1993/94 year.

...Trade Policy and Market Updates

Argentina Suspends Imports of U.S. Stone Fruit

Recently, Argentina's plant quarantine agency, Instituto Argentino de Sanidad y Calidad Vegetal (IASCAV), announced the immediate suspension of imports of stone fruit from the United States. The agency blamed the action on problems associated with quarantine pests and certification. Argentina has been a small, but growing market for U.S. stone fruit, with shipments of apricots, cherries, nectarines, peaches, and plums totaling \$300,000 for the 12-month period ending July 1994. Since Argentina has 35 million inhabitants and a relatively high per capita income, the U.S. trade believes the country could soon become a multi-million dollar counterseasonal market for U.S. stone and other fruits. Recent liberalization measures have opened up Argentina's economy to imports like fruits that had been largely prohibited.

IASCAV said it took this action due to the U.S. inability to satisfy Argentina's requirement that the fruit come from an area free of three specific pests that it claims are foreign to Argentina. There also have been, according to IASCAV, problems with the phytosanitary certificates accompanying some shipments. The suspension of imports is to remain in effect pending agreement by the two countries on acceptable phytosanitary measures. USDA officials in Buenos Aires are working with Argentine authorities to resolve this issue.

U.S. Apple Orchards Approved for Export to Japan

Japanese quarantine officials recently completed their inspection of Washington State apple orchards begun in August. Seventeen orchards, accounting for approximately 1,200 acres, were approved for shipment to Japan. The first bins of apples earmarked for Japan have been loaded into cold storage and could be shipped as soon as late November or early December. The apples must be refrigerated for 55 days and treated with methyl bromide. The next step in Japan's inspection of these apples will take place in November when inspectors are expected to return to Washington State to certify cold treatment facilities, fumigation procedures, and export inspection. Market prospects for U.S. apples in Japan are very promising, with estimates that apple exports to Japan could reach \$10 to \$15 million in the first year, with growth projected to reach over \$75 million within 5 years. The opening of the Japanese market to U.S. apples concludes decade-long, intensive bilateral efforts by the U.S. apple industry, U.S. and Japanese quarantine officials, trade officials and diplomats. While this year's program applies only to qualified production from the State of Washington, there is optimism that with the continued cooperation of Japanese authorities, the apple industry, and USDA, other apple-producing areas of the United States and other varieties of apples can be approved for export in the future.

Canadian Farmers Expect Lower Bulk Production

Wheat and barley production for 1994 is lower than last year, according to Statistics Canada's September farmer survey, released this week. Wheat production is estimated at 23.2 million tons, down--3 percent from the August report and 15 percent below a year ago--due to a decrease in spring wheat area. However, the effect on total wheat production was offset slightly by higher durum wheat production, up 38 percent from last year. Barley production was also estimated lower, at 11.7 million tons, down 7 percent from the last report and 10 percent from 1993. Rapeseed production was estimated at a record 7.4 million tons, an increase of 37 percent over last year's previous record crop of 5.4 million tons, due to record area planted.

Large Domestic Surcharge Helps Move South African Corn Exports

South African corn consumers are paying a \$29.12/ton stabilization levy (domestic surcharge) to facilitate moving surplus stocks as exports. With a 12.8 million tons corn crop in 1994/95, the Maize Board is exporting approximately 4.5 million tons of surplus stocks. Japan is expected to take a third of these exports. South Korea, Malaysia and neighboring African countries will likely receive the remainder.

...Trade Policy and Market Updates

EU Announces Barley Malt Restitution

The EU Commission announced on September 29, an export restitution of ECU 63.50 (\$95) for non-roasted barley malt. Trade reports indicate that just over 1 million tons of export licenses may have been booked at this level. EU malt exporters were reportedly concerned that the EU Commission would later decrease the restitution, thereby increasing export prices. This restitution is an ECU 23 (\$34) decrease from the level last year at which most exports were booked. The start of this season is considerably earlier than last year, when the trade waited until late November before booking exports in the hope of receiving a higher restitution.

El Salvador to Eliminate Price Bands on Grains

The Government of El Salvador is expected to announce the elimination of the current price band mechanisms for corn, rice, and sorghum in the next few weeks. The price bands will be replaced with a 20-percent flat import duty on the grains. The price band mechanism seriously hampered U.S. feed grain sales to El Salvador vis-a-vis Canadian feed wheat, because wheat was not subject to an import tariff, while corn and sorghum tariffs under the price band ranged from 5 to 40 percent. With relatively low U.S. corn and sorghum prices and feed wheat prices increasing, this move should help increase U.S. feed grain exports to El Salvador. Also, given the economic integration between El Salvador, Guatemala, Costa Rica and Honduras, additional price band changes in the region might be forthcoming.

Japan Placed on 301 Watch List for Wood Products

USTR recently announced that Japanese market access for wood products may in the future warrant identification as a priority foreign country practice under 301. In the 1990 U.S.-Japan Wood Products Agreement, Japan agreed to reduce tariffs substantially, reduce subsidies, speed up product certification, and adopt performance-based standards and building codes. Progress has been made, but new or existing barriers, including tariffs, discriminatory building codes, and subsidies continue to impede market access for value-added wood products. The United States seeks further market opening through the elimination of these barriers. Technical talks under the U.S.-Japan Wood Products Agreement are scheduled for November 9 and 10 in Tokyo. U.S. wood products exports to Japan in 1993 totaled \$3.2 billion. However, 70 percent was raw materials (i.e., logs and chips).

EU Warns Brazil About Wheat Trade; No Action Against Canada Expected

EU Farm Commissioner Rene Steichen reportedly told Brazil Government officials in a recent visit that the EU would request GATT intervention if any unilateral action (i.e. dumping or countervailing duties) is initiated against EU wheat exports. Brazilian officials apparently have given the EU assurances that they would follow GATT dispute settlement procedures. Previously it was reported that the Brazilian Government closed the CVD investigation against the EU after only one meeting. On a related topic, the Brazilian Government is expected to formally announce in the near future that there is no basis for countervailing action against Canadian wheat imports.

Brazil Removes Duty on Dry Bean Imports

Brazil recently reduced the import duty on dry beans and lentils from 10 percent to 0. This action is hoped to improve supplies and stem price increases that have resulted from delays associated with the domestic harvest. With free market stocks relatively tight, sizable nearby imports are likely. In the past five years, Brazil has imported less than 5,000 tons of dry beans, peas, and lentils from the United States. While U.S. product is a possibility, purchases reportedly have already been made from China and Mexico. In the case of Mexico, dry bean sales by CONASUPO would have to be made with a sizable export subsidy, probably about \$300 per ton, due to high government guaranteed support levels.

U.S. Exports of Agricultural, Fish & Wood Products to All Countries

Calendar Years 1989 to 1994 and Year-to-Date Comparisons

(Thousands of Dollars)

Product	Calendar Years					January-August		% Chg
	1989	1990	1991	1992	1993	1993	1994	
Bulk Agricultural Total	22,813,257	20,232,083	18,348,386	19,687,248	18,593,458	12,141,948	11,438,338	-5.8
Wheat	5,886,505	3,839,037	3,292,138	4,449,324	4,664,582	3,135,011	2,460,743	-21.5
Coarse Grains	7,738,137	7,036,717	5,722,597	5,736,599	5,000,598	3,167,632	2,793,816	-11.8
Rice	971,123	801,527	753,557	726,072	771,312	497,010	629,515	26.7
Soybeans	3,942,468	3,549,508	3,956,443	4,380,402	4,598,746	2,900,211	2,410,059	-16.9
Cotton	2,268,501	2,798,495	2,491,999	2,010,338	1,540,678	1,081,515	1,805,076	66.9
Tobacco	1,301,173	1,441,116	1,427,631	1,650,559 *	1,306,067	921,386	882,748	-4.2
Pulses	298,404	353,111	268,414	191,656	213,254	124,252	141,465	13.9
Peanuts	192,670	203,373	180,304	240,308	204,576	129,772	92,343	-28.8
Other Bulk Commodities	214,275	209,199	255,304	301,989	293,645	185,161	222,572	20.2
Intermediate Agricultural Total	8,645,875	8,573,907	8,789,224	9,231,134 *	8,973,466	5,780,752	6,071,331	5.0
Wheat Flour	257,937	182,956	184,256	184,317	205,729	150,743	148,635	-1.4
Soybean Meal	1,212,295	1,005,103	1,155,307	1,294,722	1,132,041	728,768	627,772	-13.9
Soybean Oil	358,723	312,930	222,126	376,202	363,897	212,535	235,059	10.6
Other Vegetable Oils	423,994	394,790	418,144	502,732	543,897 *	342,433	382,110	11.6
Feeds & Fodders (excl. pet foods)	1,596,995	1,572,369	1,605,732	1,722,327	1,744,163 *	1,153,547	1,145,341	-0.7
Live Animals	490,501	513,783	686,563 *	607,891	518,927	266,277	325,998	22.4
Hides & Skins	1,696,164	1,729,731	1,357,570	1,326,054	1,268,658	861,015	984,503	14.3
Animal Fats	510,153	428,729	426,824	515,214	501,702	324,189	342,090	5.5
Planting Seeds	510,214	588,723	671,655	675,011 *	619,359	389,957	397,141	1.8
Sugars, Sweeteners & Bever. Bases	409,198	572,052	634,101	573,921	567,807	348,375	428,039	22.9
Other Intermediate Products	1,179,702	1,272,743	1,426,946	1,452,744	1,507,288 *	1,002,913	1,054,645	5.2
Consumer-Oriented Agricultural Total	8,379,789	10,465,615	11,967,920	13,895,994	14,911,316 *	9,513,414	10,575,431	11.2
Snack Foods (excluding nuts)	364,429	530,125	633,040	829,679	1,024,643 *	610,490	679,005	11.2
Breakfast Cereals & Pancake Mix	91,881	157,882	216,802	219,762	252,993 *	161,319	189,351	17.4
Red Meats, Chilled/Frozen	2,213,602	2,394,495	2,660,267	3,112,361 *	3,055,222	2,031,929	2,115,489	4.1
Red Meats, Prepared/Preserved	100,638	135,998	165,101	181,562	220,038 *	128,020	152,270	18.9
Poultry Meat	509,426	672,888	817,913	928,464	1,100,613 *	664,092	943,007	42.0
Dairy Products	430,741	328,053	462,956	793,754	857,487 *	543,185	493,651	-9.1
Eggs & Products	90,685	101,979	143,367	139,234	139,438	87,918	103,654	17.9
Fresh Fruit	1,134,657	1,486,489	1,561,053	1,683,344	1,707,147 *	1,125,308	1,287,683	14.4
Fresh Vegetables	356,015	728,648	832,935	899,624	985,953 *	707,370	684,737	-3.2
Processed Fruit & Vegetables	1,003,616	1,246,753	1,394,490	1,558,121	1,639,583 *	1,047,401	1,069,643	2.1
Fruit & Vegetable Juices	291,248	375,497	385,414	461,017	469,517 *	329,833	365,498	10.8
Tree Nuts	683,332	801,120	867,704	928,531	998,246 *	486,704	593,414	21.9
Wine and Beer	206,095	266,202	315,756	369,181	379,301 *	259,223	356,836	37.7
Nursery Products & Cut Flowers	104,887	186,741	201,442	201,321	209,397 *	151,464	134,144	-11.4
Pet Foods, Dog/Cat	175,539	244,038	329,772	399,630	497,621 *	308,948	364,601	18.0
Other Consumer-Oriented Products	622,997	808,706	979,907	1,190,410	1,374,116 *	870,209	1,042,447	19.8
Wood Products Total	6,013,514	6,481,227	6,429,179	6,741,685	7,281,313 *	5,016,270	4,623,371	-7.8
Logs	2,368,026	2,388,921	2,074,432	2,140,010	2,489,560 *	1,801,571	1,490,609	-17.3
Lumber	2,040,251	2,127,895	2,203,353	2,322,491	2,449,643 *	1,673,853	1,628,460	-2.7
Plywood & Panel Products	642,703	769,983	735,227	847,867	906,397 *	601,056	606,252	0.9
Other Wood Products	962,534	1,194,428	1,416,167	1,431,317	1,435,714 *	939,790	898,049	-4.4
Fish & Seafood Products Total (Edible)	2,283,151	2,776,759	3,035,383	3,353,935 *	2,959,086	2,123,679	2,023,041	-4.7
Salmon, Whole/Eviscerated	729,294	666,582	436,975	681,663	583,060	483,636	408,046	-15.6
Salmon, Canned	89,744	104,276	133,644	154,401	160,416 *	103,660	82,509	-20.4
Crab & Crabmeat	253,674	363,251	431,411	448,050 *	417,660	306,217	261,001	-14.8
Surimi (fish paste)	N/A	N/A	N/A	367,627 *	274,322	145,421	156,894	7.9
Roe & Urchin	263,246	289,458	389,031	421,396 *	415,319	300,523	290,356	-3.4
Other Edible Fish & Seafood Products	947,192	1,353,193	1,644,322 *	1,280,798	1,108,309	784,222	824,234	5.1
Agricultural Product Total	39,838,921	39,271,605	39,105,530	42,814,376	42,478,240	27,436,114	28,085,100	2.4
Agricultural, Fish & Wood Product Total	48,135,586	48,529,591	48,570,092	52,909,996 *	52,718,639	34,576,063	34,731,512	0.4

Note: (*) Highest export level since at least 1970.

N/A = not available.

U.S. Agricultural, Fish & Wood Product Exports by Major Commodity Group

Monthly and Annual Performance Indicators

Export Values	August		Chg	October-August		Chg	Fiscal Year			Chg 94/95
	1993	1994		FY '93	FY '94		1993	1994(f)	1995(p)	
	-\$Billion-			-\$Billion-			--- \$Billion ---			
Grains and Feeds 1/	0.980	1.067	9%	13.175	12.275	-7%	14.332	13.2	12.9	-2%
Wheat & Flour	0.339	0.356	5%	4.582	3.821	-17%	4.954	4.2	4.3	2%
Rice	0.065	0.042	-35%	0.702	0.838	19%	0.768	0.9	0.8	-11%
Coarse Grains 2/	0.318	0.353	11%	4.674	4.207	-10%	5.094	4.5	4.4	-2%
Corn	0.264	0.298	13%	3.875	3.522	-9%	4.251	3.8	3.8	0%
Feeds & Fodders	0.159	0.190	19%	2.013	2.106	5%	2.196	2.2	2.1	-5%
Oilseeds and Products	0.343	0.502	47%	6.967	6.465	-7%	7.371	6.8	6.4	-6%
Soybeans	0.174	0.267	54%	4.397	3.899	-11%	4.606	4.1	3.8	-7%
Soybean Cakes & Meals	0.047	0.082	74%	1.073	0.958	-11%	1.146	0.9	0.9	0%
Soybean Oil	0.029	0.049	68%	0.304	0.363	19%	0.327	0.4	0.3	-25%
Other Vegetable Oils	0.040	0.047	19%	0.457	0.545	19%	0.496	NA	NA	NA
Livestock Products	0.477	0.577	21%	5.405	5.712	6%	5.886	6.1	6.3	3%
Red Meats	0.250	0.296	18%	2.792	2.885	3%	3.052	3.2	3.3	3%
Hides, Skins & Furs	0.107	0.133	24%	1.165	1.286	10%	1.271	1.3	1.3	0%
Poultry Products	0.120	0.149	24%	1.197	1.559	30%	1.315	1.7	1.7	0%
Poultry Meat	0.094	0.120	28%	0.904	1.252	39%	0.994	NA	NA	NA
Dairy Products	0.081	0.072	-11%	0.803	0.771	-4%	0.891	0.9	0.9	0%
Unmanufactured Tobacco	0.069	0.066	-4%	1.379	1.203	-13%	1.443	1.2	1.3	8%
Cotton and Linters	0.085	0.192	126%	1.463	2.190	50%	1.538	2.3	2.5	9%
Planting Seeds	0.032	0.033	2%	0.617	0.579	-6%	0.664	0.6	0.6	0%
Horticultural Products	0.589	0.689	17%	6.690	7.385	10%	7.299	7.9	8.3	5%
Sugar & Tropical Products	0.156	0.164	5%	1.546	1.775	15%	1.715	1.9	2.1	11%
Wood Products 4/	0.569	0.603	6%	6.741	6.337	-6%	7.293	NA	NA	NA
Fish and Seafood Products 4/	0.244	0.346	42%	2.664	2.595	-3%	2.928	NA	NA	NA
Total Agriculture	2.933	3.512	20%	39.242	39.914	2%	42.454	42.5	43.0	0%
Total Ag., Fish & Wood	3.746	4.461	19%	48.647	48.846	0%	52.675	NA	NA	NA

Export Volumes	--MMT--		Chg	--MMT--		Chg	--- MMT ---			Chg 94/95
Grains and Feeds 1/	7.068	7.731	9%	95.870	80.565	-16%	104.149	NA	NA	NA
Wheat	2.735	2.829	3%	33.235	27.932	-16%	36.081	31.0	31.5	2%
Wheat Flour	0.034	0.111	228%	0.996	0.972	-2%	1.067	1.0	1.0	0%
Rice	0.250	0.145	-42%	2.450	2.262	-8%	2.713	2.4	2.7	13%
Coarse Grains 2/	3.023	3.438	14%	46.146	36.243	-21%	50.100	38.7	42.8	11%
Corn	2.507	2.881	15%	38.244	30.127	-21%	41.766	32.0	36.5	14%
Feeds & Fodders	0.861	0.999	16%	10.943	11.040	1%	11.885	11.9	12.1	2%
Oilseeds and Products	1.114	1.758	58%	28.032	22.404	-20%	29.408	23.4	26.2	12%
Soybeans	0.670	1.107	65%	19.581	15.213	-22%	20.400	15.8	18.1	15%
Soybean Cakes & Meals	0.226	0.403	78%	5.336	4.572	-14%	5.653	4.6	4.8	4%
Soybean Oil	0.053	0.084	59%	0.599	0.578	-3%	0.644	0.6	0.6	0%
Other Vegetable Oils	0.062	0.065	4%	0.765	0.754	-1%	0.824	NA	NA	NA
Livestock Products 3/	0.218	0.263	20%	2.600	2.676	3%	2.811	NA	NA	NA
Red Meats	0.076	0.094	23%	0.827	0.924	12%	0.903	1.0	1.1	10%
Poultry Products 3/	0.101	0.125	24%	0.916	1.269	38%	1.012	NA	NA	NA
Poultry Meat	0.098	0.121	24%	0.882	1.231	40%	0.974	1.3	1.4	8%
Dairy Products 3/	0.044	0.046	2%	0.399	0.467	17%	0.467	NA	NA	NA
Unmanufactured Tobacco	0.010	0.011	5%	0.221	0.188	-15%	0.231	NA	NA	NA
Cotton & Linters	0.065	0.123	88%	1.105	1.562	41%	1.163	1.6	1.6	0%
Planting Seeds	0.018	0.015	-12%	0.530	0.468	-12%	0.556	NA	NA	NA
Horticultural Products 3/	0.494	0.561	14%	5.666	6.219	10%	6.188	6.8	7.1	4%
Sugar & Tropical Products 3/	0.107	0.094	-12%	1.102	0.910	-17%	0.910	NA	NA	NA
Total Agriculture 3/	9.238	10.726	16%	136.442	116.728	-14%	146.894	125.6	134.7	7%

Notes: 1/ Includes pulses, corn gluten feed and meal; 2/ includes corn, oats, barley, rye and sorghum;

3/ includes only those items measured in metric tons; 4/ items not included in agricultural product totals.

FY 1994 forecasts (f) and FY 1995 projections (p) are based on USDA's "Outlook for Agricultural Exports," published August 26, 1994.

U.S. Agricultural Export Value by Region
Monthly and Annual Performance Indicators

	August			October-August			Fiscal Year		
	1993	1994		FY '93	FY '94		1993	1994(f)	
	-\$Billion-		Change	-\$Billion-		Change	-\$Billion-		Change
Western Europe	0.392	0.452	15%	7.039	6.489	-8%	7.439	6.8	-9%
European Union 1/	0.350	0.396	13%	6.607	6.025	-9%	6.964	6.3	-10%
Other Western Europe	0.042	0.055	33%	0.432	0.464	7%	0.475	0.5	5%
Central & Eastern Europe	0.024	0.029	23%	0.435	0.291	-33%	0.465	0.3	-35%
Former Soviet Union	0.073	0.083	14%	1.357	1.373	1%	1.435	1.5	5%
Asia	1.206	1.486	23%	14.517	16.301	12%	15.866	17.4	10%
Japan	0.679	0.724	7%	7.714	8.520	10%	8.430	9.4	12%
China	0.012	0.117	852%	0.306	0.784	156%	0.317	0.7	121%
Other East Asia	0.369	0.466	26%	4.499	4.827	7%	4.932	5.2	5%
Taiwan	0.157	0.169	8%	1.812	1.949	8%	1.998	2.2	10%
South Korea	0.139	0.193	39%	1.867	1.881	1%	2.041	1.9	-7%
Hong Kong	0.070	0.104	48%	0.805	0.995	24%	0.878	1.0	14%
Other Asia	0.145	0.179	23%	1.999	2.171	9%	2.187	2.2	1%
Pakistan	0.017	0.000	-98%	0.189	0.206	9%	0.236	0.3	27%
Philippines	0.026	0.058	126%	0.475	0.509	7%	0.511	0.5	-2%
Middle East	0.126	0.131	4%	1.704	1.519	-11%	1.856	1.7	-8%
Israel	0.022	0.030	36%	0.334	0.330	-1%	0.363	0.4	10%
Saudi Arabia	0.036	0.044	22%	0.400	0.435	9%	0.429	0.5	17%
Africa	0.161	0.190	18%	2.425	1.966	-19%	2.593	2.1	-19%
North Africa	0.101	0.134	33%	1.461	1.319	-10%	1.587	1.4	-12%
Egypt	0.066	0.060	-9%	0.687	0.531	-23%	0.727	0.6	-17%
Algeria	0.016	0.055	247%	0.387	0.556	44%	0.428	0.7	64%
Sub-Saharan Africa	0.060	0.055	-7%	0.964	0.648	-33%	1.006	0.7	-30%
Latin America	0.484	0.637	31%	6.268	6.513	4%	6.813	7.0	3%
Mexico	0.243	0.380	56%	3.371	3.686	9%	3.621	3.9	8%
Other Latin America	0.242	0.257	6%	2.897	2.827	-2%	3.192	3.1	-3%
Brazil	0.017	0.011	-32%	0.214	0.197	-8%	0.231	0.2	-13%
Venezuela	0.031	0.034	11%	0.454	0.377	-17%	0.498	0.4	-20%
Canada	0.416	0.447	7%	4.786	4.807	0%	5.202	5.2	-0%
Oceania	0.044	0.047	6%	0.407	0.457	12%	0.453	0.5	10%
World Total	2.933	3.512	20%	39.243	39.916	2%	42.454	42.5	0%

Note: 1/ Formerly known as the European Community (EC-12).

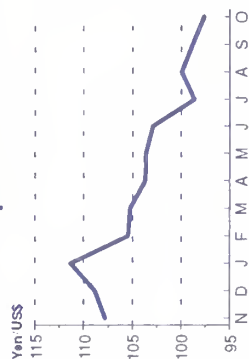
FY 1994 forecasts (f) are based on USDA's "Outlook for U.S. Agricultural Exports," published August 26, 1994.

Exchange Rate Movements Of Major World Currencies Vis-a-Vis U.S. Dollar -- Daily Spot Quotations & Monthly Averages

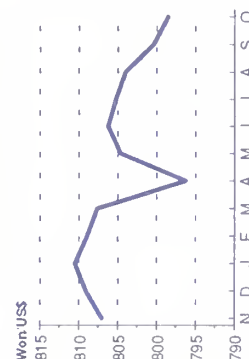
Currencies	Current Rate 10/17/94	Month Ago 9/19/94	Year Ago 10/93	% Change Year Ago 9/93
Japanese Yen				
South Korean Won				
Canadian Dollar				
Mexican Peso				
Hong Kong Dollar				
European ECU				
Argentine Peso	.99	.99	.99	0.00
Australian Dollar	1.3578	1.3475	1.5511	-12.46
Brazilian Cruzeiro real	.83	.85	.79	5.06
Canadian Dollar	1.3555	1.3503	1.3341	1.60
Hong Kong Dollar	7.7268	7.7270	7.7336	-0.09
Japanese Yen	97.60	98.55	106.01	-7.93
Mexican Peso	3.4175	3.3435	3.1175	9.62
Taiwan Dollar	26.11	26.23	26.87	-2.82
South Korean Won	798.50	799.70	808.80	-1.13
European ECU	.85091	.81215	.86059	-1.12
-British Pound	.6209	.6450	.6683	-7.09
-French Franc	5.1435	5.2905	5.6975	-9.72
-German Mark	1.4985	1.5488	1.6320	-8.18

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, October 17, 1994.
Source: TEAD/ITP/FAS Exchange Rate Database and Wall Street Journal.

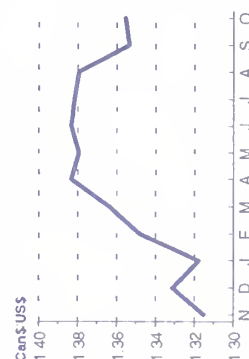
Japanese Yen



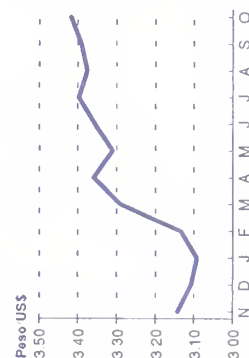
South Korean Won



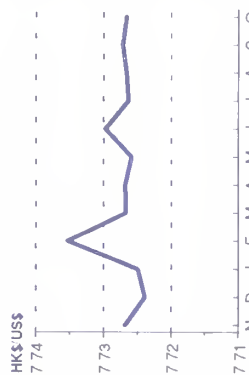
Canadian Dollar



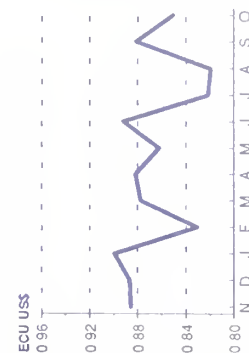
Mexican Peso



Hong Kong Dollar



European ECU



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